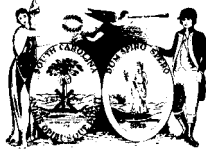


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200  
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA  
STATE AUDITOR

(803) 253-4160  
FAX (803) 343-0723

July 10, 2002

Ms. Sybil B. Neaves, Director of Reimbursement  
Integrated Health Services, Inc.  
The Highlands  
910 Ridgebrook Road  
Sparks, Maryland 21152

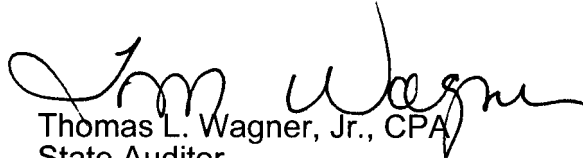
Re: AC# 3-MPG-K9 – Magnolia Place – Greenville, Inc.

Dear Ms. Neaves:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period April 27, 1999 through October 31, 1999. That report was used to set the rate covering the contract period beginning April 27, 1999.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

  
Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/sag

cc: Ms. Brenda L. Hyleman  
Mr. Jeff Saxon  
Mr. Joseph Hayes

**MAGNOLIA PLACE – GREENVILLE, INC.**

**GREENVILLE, SOUTH CAROLINA**

**CONTRACT PERIODS  
BEGINNING APRIL 27, 1999  
AC# 3-MPG-K9**

**AGREED-UPON PROCEDURES REPORT**

**ON CONTRACT**

**FOR**

**PURCHASE OF NURSING CARE SERVICES**

**WITH**

**STATE OF SOUTH CAROLINA**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

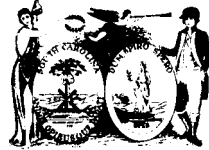
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# State of South Carolina



## Office of the State Auditor

1401 MAIN STREET, SUITE 1200  
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA  
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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

December 7, 2001

Department of Health and Human Services  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Magnolia Place – Greenville, Inc., for the contract periods beginning April 27, 1999, and for the six month cost report period ended October 31, 1999, as set forth in the accompanying schedules. The management of Magnolia Place – Greenville, Inc. is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

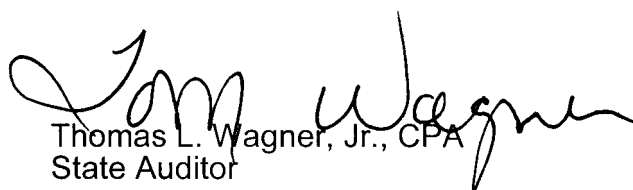
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Magnolia Place – Greenville, Inc., to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summaries of Costs and Total Patient Days, and Cost of Capital Reimbursement Analyses sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Magnolia Place – Greenville, Inc. dated as of July 7, 1998 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services  
State of South Carolina  
December 7, 2001

These agreed-upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



Thomas L. Wagner, Jr., CPA  
State Auditor

**MAGNOLIA PLACE - GREENVILLE, INC.**

Computation of Rate Change  
For the Contract Periods  
Beginning April 27, 1999  
AC# 3-MPG-K9

	04/27/99- <u>09/30/99</u>	10/01/99- <u>10/31/99</u>	11/01/99- <u>09/30/00</u>	10/01/00- <u>09/30/01</u>
Interim reimbursement rate (1)	\$120.83	\$127.11	\$108.38	\$113.85
Adjusted reimbursement rate	<u>115.95</u>	<u>122.21</u>	<u>104.30</u>	<u>108.63</u>
Decrease in reimbursement rate	\$ <u>4.88</u>	\$ <u>4.90</u>	\$ <u>4.08</u>	\$ <u>5.22</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 25, 2002

**MAGNOLIA PLACE - GREENVILLE, INC.**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period April 27, 1999 Through September 30, 1999  
AC# 3-MPG-K9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 64.37	\$58.87	
Dietary		10.07	11.42	
Laundry/Housekeeping/Maint.		<u>10.11</u>	<u>9.32</u>	
Subtotal	\$ <u>-</u>	84.55	79.61	\$ 79.61
Administration & Med. Records	\$ <u>-</u>	<u>21.96</u>	<u>12.56</u>	<u>12.56</u>
Subtotal		106.51	<u>\$92.17</u>	92.17
<u>Costs Not Subject to Standards:</u>				
Utilities		2.67		2.67
Special Services		.05		.05
Medical Supplies & Oxygen		6.56		6.56
Taxes and Insurance		1.78		1.78
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$117.57</u>		103.23
Inflation Factor (N/A)				-
Cost of Capital				11.72
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				.25
CNA Add-On				<u>.75</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$115.95</u>



**MAGNOLIA PLACE - GREENVILLE, INC.**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period October 1, 1999 Through October 31, 1999  
AC# 3-MPG-K9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 64.37	\$61.56	
Dietary		10.07	11.72	
Laundry/Housekeeping/Maint.		<u>10.11</u>	<u>9.97</u>	
Subtotal	\$ <u>-</u>	84.55	83.25	\$ 83.25
Administration & Med. Records	\$ <u>-</u>	<u>21.96</u>	<u>13.99</u>	<u>13.99</u>
Subtotal		106.51	<u>\$97.24</u>	97.24
<u>Costs Not Subject to Standards:</u>				
Utilities		2.67		2.67
Special Services		.05		.05
Medical Supplies & Oxygen		6.56		6.56
Taxes and Insurance		1.78		1.78
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$116.60</u>		108.30
Inflation Factor (N/A)				-
Cost of Capital				11.47
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
CNA Add-On				.75
Nurse Aide Staffing Add-On				<u>1.69</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$122.21</u>

# MAGNOLIA PLACE - GREENVILLE, INC.

## Computation of Adjusted Reimbursement Rate

For the Contract Period November 1, 1999 Through September 30, 2000  
AC# 3-MPG-K9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$53.44	\$50.88	
Dietary		8.36	9.69	
Laundry/Housekeeping/Maint.		<u>8.39</u>	<u>8.24</u>	
Subtotal	\$ <u>-</u>	70.19	68.81	\$ 68.81
Administration & Med. Records	\$ <u>-</u>	<u>18.24</u>	<u>11.56</u>	<u>11.56</u>
Subtotal		88.43	<u>\$80.37</u>	80.37
<u>Costs Not Subject to Standards:</u>				
Utilities		2.22		2.22
Special Services		.05		.05
Medical Supplies & Oxygen		5.53		5.53
Taxes and Insurance		1.47		1.47
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$97.70</u>		89.64
Inflation Factor (3.00%)				2.69
Cost of Capital				9.53
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
CNA Add-On				.75
Nurse Aide Staffing Add-On				<u>1.69</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$104.30</u>

**MAGNOLIA PLACE - GREENVILLE, INC.**

Computation of Adjusted Reimbursement Rate  
For the Contract Period October 1, 2000 Through September 30, 2001  
AC# 3-MPG-K9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 53.55	\$54.01	
Dietary		8.36	10.12	
Laundry/Housekeeping/Maint.		<u>8.39</u>	<u>8.88</u>	
Subtotal	<u>\$2.71</u>	70.30	73.01	\$ 70.30
Administration & Med. Records	<u>\$ -</u>	<u>18.24</u>	<u>10.55</u>	<u>10.55</u>
Subtotal		88.54	<u>\$83.56</u>	80.85
<u>Costs Not Subject to Standards:</u>				
Utilities		2.22		2.22
Special Services		.05		.05
Medical Supplies & Oxygen		5.53		5.53
Taxes and Insurance		1.47		1.47
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$97.81</u>		90.12
Inflation Factor (3.20%)				2.88
Cost of Capital				9.40
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				2.71
Effect of \$1.75 Cap on Cost/Profit Incentives				(.96)
Nurse Aide Staffing Add-On 10/01/00				2.79
Nurse Aide Staffing Add-On 10/01/99				<u>1.69</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$108.63</u>

**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days  
For the Cost Report Period Ended October 31, 1999  
For the Contract Period April 27, 1999 Through September 30, 1999  
AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Adjustments</u> <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,139,116	\$ 613 (1) 2,634 (3)	\$ 727 (1) 5,451 (4) 1,512 (4) 11,248 (8) 14,855 (8) 20,959 (9) 2,329 (9) 175 (10)	\$1,085,107
Dietary	171,138	4,208 (6)	512 (1) 4,098 (4) 975 (9)	169,761
Laundry	57,082	-	383 (4) 1,274 (12)	55,425
Housekeeping	70,502	-	1,438 (1) 1,106 (4)	67,958
Maintenance	52,474	-	511 (1) 2,408 (3) 2,240 (4) 254 (9)	47,061
Administration & Medical Records	297,603	2,408 (3) 14,855 (8) 6,588 (8) 596 (9) 959 (9) 54,919 (10)	236 (1) 2,771 (4) 505 (4) 4,133 (11)	370,283
Utilities	45,787	-	772 (4)	45,015
Special Services	7,790	428 (9)	1,152 (4) 121 (10) 1,959 (13) 4,075 (14)	911
Medical Supplies & Oxygen	127,747	4,660 (8) 524 (9)	2,634 (3) 1,209 (4) 5,492 (6) 12,956 (7) 60 (13)	110,580

**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days  
For the Cost Report Period Ended October 31, 1999  
For the Contract Period April 27, 1999 Through September 30, 1999  
AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	50,911	-	74 (4) 20,895 (5)	29,942
Legal Fees	-	-	-	-
Cost of Capital	233,989	227 (12) 9,328 (15) 175 (16) <u>1,290 (17)</u>	14,542 (2) 807 (4) 31,933 (10) <u>208 (11)</u>	197,519
Subtotal	2,254,139	104,412	178,989	2,179,562
Ancillary	73,952	-	-	73,952
Non-Allowable	112,029	2,811 (1) 14,542 (2) 22,080 (4) 1,284 (6) 12,956 (7) 22,010 (9) 4,341 (11) 1,047 (12) 2,019 (13) <u>4,075 (14)</u>	22,690 (10) 9,328 (15) 175 (16) 1,290 (17)	165,711
Total Operating Expenses	<u>\$2,440,120</u>	<u>\$191,577</u>	<u>\$212,472</u>	<u>\$2,419,225</u>
Total Patient Days	<u>16,858</u>	<u>-</u>	<u>-</u>	<u>16,858</u>
Total Beds	<u>120</u>			

**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days  
For the Cost Report Period Ended October 31, 1999  
For the Contract Period October 1, 1999 Through October 31, 1999  
AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,139,116	\$ 613 (1) 2,634 (3)	\$ 727 (1) 5,451 (4) 1,512 (4) 11,248 (8) 14,855 (8) 20,959 (9) 2,329 (9) 175 (10)	\$1,085,107
Dietary	171,138	4,208 (6)	512 (1) 4,098 (4) 975 (9)	169,761
Laundry	57,082	-	383 (4) 1,274 (12)	55,425
Housekeeping	70,502	-	1,438 (1) 1,106 (4)	67,958
Maintenance	52,474	-	511 (1) 2,408 (3) 2,240 (4) 254 (9)	47,061
Administration & Medical Records	297,603	2,408 (3) 14,855 (8) 6,588 (8) 596 (9) 959 (9) 54,919 (10)	236 (1) 2,771 (4) 505 (4) 4,133 (11)	370,283
Utilities	45,787	-	772 (4)	45,015
Special Services	7,790	428 (9)	1,152 (4) 121 (10) 1,959 (13) 4,075 (14)	911
Medical Supplies & Oxygen	127,747	4,660 (8) 524 (9)	2,634 (3) 1,209 (4) 5,492 (6) 12,956 (7) 60 (13)	110,580

**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days  
For the Cost Report Period Ended October 31, 1999  
For the Contract Period October 1, 1999 Through October 31, 1999  
AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	50,911	-	74 (4) 20,895 (5)	29,942
Legal Fees	-	-	-	-
Cost of Capital	229,943	227 (12) 9,328 (15) 175 (16) <u>1,216 (17)</u>	14,542 (2) 807 (4) 31,933 (10) <u>208 (11)</u>	193,399
Subtotal	2,250,093	104,338	178,989	2,175,442
Ancillary	73,952	-	-	73,952
Non-Allowable	116,075	2,811 (1) 14,542 (2) 22,080 (4) 1,284 (6) 12,956 (7) 22,010 (9) 4,341 (11) 1,047 (12) 2,019 (13) <u>4,075 (14)</u>	22,690 (10) 9,328 (15) 175 (16) 1,216 (17)	169,831
Total Operating Expenses	<u>\$2,440,120</u>	<u>\$191,503</u>	<u>\$212,398</u>	<u>\$2,419,225</u>
Total Patient Days	<u>16,858</u>	<u>-</u>	<u>-</u>	<u>16,858</u>
Total Beds	<u>120</u>			

**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days

For the Cost Report Period Ended October 31, 1999

For the Contract Period November 1, 1999 Through September 30, 2000

AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Adjustments</u>		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,139,116	\$ 613 (1) 2,634 (3)	\$ 727 (1) 5,451 (4) 1,512 (4) 11,248 (8) 14,855 (8) 20,959 (9) 2,329 (9) 175 (10)	\$1,085,107
Dietary	171,138	4,208 (6)	512 (1) 4,098 (4) 975 (9)	169,761
Laundry	57,082	-	383 (4) 1,274 (12)	55,425
Housekeeping	70,502	-	1,438 (1) 1,106 (4)	67,958
Maintenance	52,474	-	511 (1) 2,408 (3) 2,240 (4) 254 (9)	47,061
Administration & Medical Records	297,603	2,408 (3) 14,855 (8) 6,588 (8) 596 (9) 959 (9) 54,919 (10)	236 (1) 2,771 (4) 505 (4) 4,133 (11)	370,283
Utilities	45,787	-	772 (4)	45,015
Special Services	8,805	428 (9)	1,152 (4) 121 (10) 1,956 (13) 4,907 (14)	1,097
Medical Supplies & Oxygen	127,747	4,660 (8) 524 (9) 1,630 (13)	2,634 (3) 1,209 (4) 5,492 (6) 12,956 (7)	112,270



**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days

For the Cost Report Period Ended October 31, 1999

For the Contract Period November 1, 1999 Through September 30, 2000

AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	50,911	-	74 (4) 20,895 (5)	29,942
Legal Fees	-	-	-	-
Cost of Capital	229,841	227 (12) 9,328 (15) 175 (16) <u>1,318 (17)</u>	14,542 (2) 807 (4) 31,933 (10) <u>208 (11)</u>	193,399
Subtotal	2,251,006	106,070	179,758	2,177,318
Ancillary	73,952	-	-	73,952
Non-Allowable	115,162	2,811 (1) 14,542 (2) 22,080 (4) 1,284 (6) 12,956 (7) 22,010 (9) 4,341 (11) 1,047 (12) 326 (13) <u>4,907 (14)</u>	22,690 (10) 9,328 (15) 175 (16) 1,318 (17)	167,955
Total Operating Expenses	<u>\$2,440,120</u>	<u>\$192,374</u>	<u>\$213,269</u>	<u>\$2,419,225</u>
Total Patient Days	<u>20,304</u>	<u>-</u>	<u>-</u>	<u>20,304</u>
Total Beds	<u>120</u>			

**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days

For the Cost Report Period Ended October 31, 1999

For the Contract Period October 1, 2000 Through September 30, 2001

AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Adjustments</u>		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,141,278	\$ 613 (1) 2,634 (3)	\$ 727 (1) 5,451 (4) 1,512 (4) 11,248 (8) 14,855 (8) 20,959 (9) 2,329 (9) 175 (10)	\$1,087,269
Dietary	171,138	4,208 (6)	512 (1) 4,098 (4) 975 (9)	169,761
Laundry	57,082	-	383 (4) 1,274 (12)	55,425
Housekeeping	70,502	-	1,438 (1) 1,106 (4)	67,958
Maintenance	52,474	-	511 (1) 2,408 (3) 2,240 (4) 254 (9)	47,061
Administration & Medical Records	297,603	2,408 (3) 14,855 (8) 6,588 (8) 596 (9) 959 (9) 54,919 (10)	236 (1) 2,771 (4) 505 (4) 4,133 (11)	370,283
Utilities	45,787	-	772 (4)	45,015
Special Services	8,805	428 (9)	1,152 (4) 121 (10) 1,956 (13) 4,907 (14)	1,097
Medical Supplies & Oxygen	129,377	4,660 (8) 524 (9)	2,634 (3) 1,209 (4) 5,492 (6) 12,956 (7)	112,270

**MAGNOLIA PLACE - GREENVILLE, INC.**

Summary of Costs and Total Patient Days

For the Cost Report Period Ended October 31, 1999

For the Contract Period October 1, 2000 Through September 30, 2001

AC# 3-MPG-K9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Taxes and Insurance	50,911	-	74 (4) 20,895 (5)	29,942
Legal Fees	-	-	-	-
Cost of Capital	227,405	527 (12) 9,328 (15) 175 (16) 812 (17)	14,543 (2) 807 (4) 31,933 (10) 112 (11)	190,852
Subtotal	2,252,362	104,234	179,663	2,176,933
Ancillary	73,952	-	-	73,952
Non-Allowable	115,968	2,811 (1) 14,543 (2) 22,080 (4) 1,284 (6) 12,956 (7) 22,010 (9) 4,245 (11) 747 (12) 1,956 (13) 4,907 (14)	22,690 (10) 9,328 (15) 175 (16) 812 (17)	170,502
Total Operating Expenses	<u>\$2,442,282</u>	<u>\$191,773</u>	<u>\$212,668</u>	<u>\$2,421,387</u>
Total Patient Days	<u>20,304</u>	<u>-</u>	<u>-</u>	<u>20,304</u>
Total Beds	<u>120</u>			

**MAGNOLIA PLACE - GREENVILLE, INC.**  
Adjustment Report  
Cost Report Period Ended October 31, 1999  
AC# 3-MPG-K9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$ 2,811	
	Restorative	613	
	Nursing		\$ 727
	Dietary		512
	Housekeeping		1,438
	Maintenance		511
	Administration		236
	To agree the trial balance to the general ledger HIM-15-1, Section 2304		
2	Nonallowable	14,542	
	Accumulated Depreciation	52,676	
	Other Equity	525,712	
	Fixed Assets		578,388
	Cost of Capital		14,542
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D (For the rate periods 4/27/99 - 9/30/00 only)		
2	Nonallowable	14,543	
	Accumulated Depreciation	52,676	
	Other Equity	525,712	
	Fixed Assets		578,388
	Cost of Capital		14,543
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D (For the rate period 10/1/00 - 9/30/01 only)		
3	Nursing	2,634	
	Administration	2,408	
	Maintenance		2,408
	Medical Supplies & Oxygen		2,634
	To properly classify expense for fixed assets which were expensed DH&HS Expense Checklist		

**MAGNOLIA PLACE - GREENVILLE, INC.**  
Adjustment Report  
Cost Report Period Ended October 31, 1999  
AC# 3-MPG-K9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable	22,080	
	Nursing Salaries		5,018
	Nursing Other		433
	Restorative Salaries		1,298
	Restorative Other		214
	Dietary Salaries		1,448
	Dietary Other		2,650
	Laundry		383
	Housekeeping		1,106
	Maintenance Salaries		427
	Maintenance Other		1,813
	Administration Salaries		835
	Administration Other		1,936
	Medical Records Salaries		505
	Utilities		772
	Taxes, Insurance & Licenses		74
	Medical Supplies & Oxygen - Ancillary Medical Supplies		732
	Medical Supplies & Oxygen - Other		477
	Physical Therapy Salaries		25
	Physical Therapy Other		670
	Occupational Therapy Salaries		457
	Cost of Capital Depreciation Expense		807
	To disallow pre-opening costs due to insufficient documentation HIM-15-1, Section 2304		
5	Other Equity	20,895	
	Taxes, Insurance & Licenses		20,895
	To adjust property taxes HIM-15-1, Sections 2302.1 and 2304		
6	Dietary	4,208	
	Nonallowable	1,284	
	Medical Supplies & Oxygen		5,492
	To disallow expense not adequately documented and reclassify expense to the appropriate cost center HIM-15-1, Section 2304 DH&HS Expense Checklist		

**MAGNOLIA PLACE - GREENVILLE, INC.**  
Adjustment Report  
Cost Report Period Ended October 31, 1999  
AC# 3-MPG-K9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
7	Nonallowable Medical Supplies & Oxygen	12,956	12,956
	To remove expense not adequately documented HIM-15-1, Section 2304		
8	Administration Medical Records Medical Supplies & Oxygen Nursing Restorative	14,855 6,588 4,660	   11,248 14,855
	To reclassify salaries to the proper cost center DH&HS Expense Checklist		
9	Nonallowable Administration Medical Records Medical Supplies & Oxygen Therapy Nursing Restorative Dietary Maintenance	22,010 959 596 524 428	     20,959 2,329 975 254
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
10	Administration Nursing Therapy Cost of Capital Depreciation Expense Cost of Capital Interest Revenue Nonallowable	54,919	   31,076 857 22,690
	To adjust IHS home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

**MAGNOLIA PLACE - GREENVILLE, INC.**  
Adjustment Report  
Cost Report Period Ended October 31, 1999  
AC# 3-MPG-K9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
11	Nonallowable	4,341	
	Administration		4,133
	Cost of Capital		208
	To adjust home office CAO allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D (For the rate periods 4/27/99 - 9/30/00 only)		
11	Nonallowable	4,245	
	Administration		4,133
	Cost of Capital		112
	To adjust home office CAO allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D (For the rate period 10/1/00 - 9/30/01 only)		
12	Cost of Capital	227	
	Nonallowable	1,047	
	Laundry		1,274
	To adjust home office laundry cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D (For the rate periods 4/27/99 - 9/30/00 only)		
12	Cost of Capital	527	
	Nonallowable	747	
	Laundry		1,274
	To adjust home office laundry cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D (For the rate period 10/1/00 - 9/30/01 only)		

**MAGNOLIA PLACE - GREENVILLE, INC.**  
Adjustment Report  
Cost Report Period Ended October 31, 1999  
AC# 3-MPG-K9

ADJUSTMENT <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
13	Nonallowable	2,019	
	Medical Supplies & Oxygen		60
	Special Services		1,959
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D (For the rate periods 4/27/99 - 10/31/99 only)		
13	Medical Supplies & Oxygen	1,630	
	Nonallowable	326	
	Special Services		1,956
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D (For the rate period 11/01/99 - 9/30/00 only)		
13	Nonallowable	1,956	
	Special Services		1,956
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D (For the rate period 10/1/00 - 9/30/01 only)		
14	Nonallowable	4,075	
	Special Services		4,075
	To adjust co-insurance for Medicare Part B services State Plan, Attachment 4.19D (For the rate periods 4/27/99 - 10/31/99 only)		
14	Nonallowable	4,907	
	Special Services		4,907
	To adjust co-insurance for Medicare Part B services State Plan, Attachment 4.19D (For the rate periods 11/1/99 - 9/30/01 only)		



**MAGNOLIA PLACE - GREENVILLE, INC.**  
Adjustment Report  
Cost Report Period Ended October 31, 1999  
AC# 3-MPG-K9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
15	Cost of Capital Nonallowable	9,328	9,328
	To adjust depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D		
16	Cost of Capital Nonallowable	175	175
	To adjust amortization expense to comply with capital cost policy State Plan, Attachment 4.19D		
17	Cost of Capital Nonallowable	1,290	1,290
	To adjust capital return State Plan, Attachment 4.19D (For the rate period 4/27/99 - 9/30/99 only)		
17	Cost of Capital Nonallowable	1,216	1,216
	To adjust capital return State Plan, Attachment 4.19D (For the rate period 10/1/99 - 10/31/99 only)		
17	Cost of Capital Nonallowable	1,318	1,318
	To adjust capital return State Plan, Attachment 4.19D (For the rate period 11/1/99 - 9/30/00 only)		

**MAGNOLIA PLACE - GREENVILLE, INC.**  
Adjustment Report  
Cost Report Period Ended October 31, 1999  
AC# 3-MPG-K9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
17	Cost of Capital Nonallowable	812	812
	To adjust capital return State Plan, Attachment 4.19D (For the rate period 10/1/00 - 9/30/01 only)		
	TOTAL ADJUSTMENTS	\$1,401,475	\$1,401,475

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

**MAGNOLIA PLACE - GREENVILLE, INC.**

Cost of Capital Reimbursement Analysis

For the Contract Period April 27, 1999 Through September 30, 1999

For the Cost Report Period Ended October 31, 1999

AC# 3-MPG-K9

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.1814</u>
Deemed Asset Value (Per Bed)	34,069
Number of Beds	<u>120</u>
Deemed Asset Value	4,088,280
Improvements Since 1981	25,925
Accumulated Depreciation at 10/31/99	<u>(109,356)</u>
Deemed Depreciated Value	4,004,849
Market Rate of Return	<u>.067</u>
Total Annual Return	268,325
Number of Days in Period	<u>188/365</u>
Adjusted Annual Return	138,206
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	138,206
Depreciation Expense	60,566
Amortization Expense	-
Capital Related Income Offsets	(1,253)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	197,519
Total Patient Days (Actual)	<u>16,858</u>
Cost of Capital Per Diem	\$ <u><u>11.72</u></u>

**MAGNOLIA PLACE - GREENVILLE, INC.**

Cost of Capital Reimbursement Analysis

For the Contract Period October 1, 1999 Through October 31, 1999

For the Cost Report Period Ended October 31, 1999

AC# 3-MPG-K9

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.2493</u>
Deemed Asset Value (Per Bed)	35,130
Number of Beds	<u>120</u>
Deemed Asset Value	4,215,600
Improvements Since 1981	25,925
Accumulated Depreciation at 10/31/99	<u>(109,356)</u>
Deemed Depreciated Value	4,132,169
Market Rate of Return	<u>.063</u>
Total Annual Return	260,327
Number of Days in Period	<u>188/365</u>
Adjusted Annual Return	134,086
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	134,086
Depreciation Expense	60,566
Amortization Expense	-
Capital Related Income Offsets	(1,253)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	193,399
Total Patient Days (Actual)	<u>16,858</u>
Cost of Capital Per Diem	\$ <u><u>11.47</u></u>

**MAGNOLIA PLACE - GREENVILLE, INC.**

Cost of Capital Reimbursement Analysis

For the Contract Period November 1, 1999 Through September 30, 2000

For the Cost Report Period Ended October 31, 1999

AC# 3-MPG-K9

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.2493</u>
Deemed Asset Value (Per Bed)	35,130
Number of Beds	<u>120</u>
Deemed Asset Value	4,215,600
Improvements Since 1981	25,925
Accumulated Depreciation at 10/31/99	<u>(109,356)</u>
Deemed Depreciated Value	4,132,169
Market Rate of Return	<u>.063</u>
Total Annual Return	260,327
Number of Days in Period	<u>188/365</u>
Adjusted Annual Return	134,086
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	134,086
Depreciation Expense	60,566
Amortization Expense	-
Capital Related Income Offsets	(1,253)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	193,399
Total Patient Days (Minimum 90% Occupancy)	<u>20,304</u>
Cost of Capital Per Diem	\$ <u><u>9.53</u></u>

**MAGNOLIA PLACE - GREENVILLE, INC.**

Cost of Capital Reimbursement Analysis

For the Contract Period October 1, 2000 Through September 30, 2001

For the Cost Report Period Ended October 31, 1999

AC# 3-MPG-K9

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.3156</u>
Deemed Asset Value (Per Bed)	36,165
Number of Beds	<u>120</u>
Deemed Asset Value	4,339,800
Improvements Since 1981	25,925
Accumulated Depreciation at 10/31/99	<u>(109,356)</u>
Deemed Depreciated Value	4,256,369
Market Rate of Return	<u>.060</u>
Total Annual Return	255,382
Number of Days in Period	<u>188/365</u>
Adjusted Annual Return	131,539
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	131,539
Depreciation Expense	60,566
Amortization Expense	-
Capital Related Income Offsets	(1,253)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	190,852
Total Patient Days (Minimum 90% Occupancy)	<u>20,304</u>
Cost of Capital Per Diem	\$ <u><u>9.40</u></u>

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